

## Message Text

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PAGE 01 STATE 027377

61

ORIGIN OPIC-02

INFO OCT-01 SS-14 ISO-00 AF-04 NSC-10 NSCE-00 EB-03 AID-10

COME-00 TRSE-00 L-02 CIAE-00 INR-10 NSAE-00 /056 R

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DRAFTED BY OPIC/F:SHELDON J GITELMAN

APPROVED BY EB/IFD/OIA:MKENNEDY

EB/IFD/OIA:WHCOURTNEY

AF/W:HWALKER (SUBS)

OPIC/T:PMULLER (INFO)

----- 124859

R 111809Z FEB 74

FM SECSTATE WASHDC

TO AMEMBASSY FREETOWN

C O N F I D E N T I A L STATE 027377

LIMDIS

FROM SHELDON GITELMAN, OPIC

E.O. 11652: GDS

TAGS: EFIN

SUBJECT: TAW INTERNATIONAL

REF: FREETOWN 250

1. TAW INTERNATIONAL LEASING IS A 4 YEAR OLD U.S. OWNED COMPANY WHICH LEASES VARIOUS TYPES OF CAPITAL EQUIPMENT ON A FULL PAYOUT BASIS. THIS MEANS THAT TAW, AS LESSOR, IS REIMBURSED FOR THE COST OF THE EQUIPMENT IT LEASES PLUS ITS OVERHEAD AND A PROFIT FACTOR (INTEREST) OVER THE LIFE OF THE LEASE. THE LEASE MAY OR MAY NOT PROVIDE FOR PURCHASE OF THE LEASED EQUIPMENT BY THE LESSEE FOR ITS SALVAGE VALUE AT THE END OF THE LEASE DEPENDING ON WHAT IS NEGOTIATED BY THE PARTIES.

2. ITS INTEREST (PROFIT) RATES AND OTHER TERMS ARE ON  
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PAGE 02 STATE 027377

STRAIGHT COMMERCIAL LEASING BASIS WHICH CUSTOMARILY MEANS

RATES IN EXCESS OF COMMERCIAL INTEREST RATES ON LOANS. IT IS DEFINITELY NOT RPT NOT A "SOFT" INTEREST RATE OPERATION.

3. THE COMPANY WHICH HAS BEEN SUPPORTED FINANCIALLY BY PRUDENTIAL LIFE INSURANCE CO., CHASE MANHATTAN BANK, FIRST NATIONAL BANK OF CHICAGO, OPIC AND GENERAL MOTORS HAS SUFFERED SEVERE OPERATING PROBLEMS AND FINANCIAL LOSSES. A REFINANCING HAS JUST BEEN COMPLETED BY THE FOREGOING PARTIES TO PERMIT TAW TO COMPLETE A LARGE LEASE IN ZAMBIA. BUT THE TERMS OF THE REFINANCING PROHIBIT TAW FROM ANY NEW FINANCING WITHOUT PERMISSION OF ITS FINANCIAL BACKERS. THIS EFFECTIVELY MEANS THAT TAW WILL NOT BE ABLE TO PURCHASE AND LEASE ANYTHING NEW UNTIL IT PROVES ITS PROBLEMS HAVE BEEN SOLVED BY EFFECTIVELY OPERATING THE ZAMBIAN LEASE.

4. IT IS IMPERATIVE THAT NOTHING BE SAID TO INDICATE TAW HAS FINANCIAL PROBLEMS. AT THE SAME TIME ANY APPROACH TO TAW BY THE GOSL SHOULD BE DISCOURAGED. THEREFORE RECOMMEND THAT GOSL MINISTER OF LABOR BE ADVISED THAT TAW'S INTEREST RATES ARE NOT "SOFT" BUT RATHER IN EXCESS OF 14 PERCENT. IF THIS DOES NOT WORK ADVISE THAT YOU UNDERSTAND TAW IS PRESENTLY BOOKED UP WITH BUSINESS AND WILL NOT BE IN A POSITION TO PUT NEW BUSINESS ON BOOKS UNTIL PRESENT ORDERS ARE FILLED WHICH WILL BE SEVERAL MONTHS. IT IS POSSIBLE ZAMBIA LEASE WHICH IS WITH GRZ FOR 300 TRUCKS AND 430 TRAILERS IS KNOWN TO GOSL. IF SO THIS CAN BE IDENTIFIED AS ORDER WHICH MUST BE COMPLETED BEFORE NEW BUSINESS CAN BE CONSIDERED. KISSINGER

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## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PROFITS, TRUCKS, LEASES, TRUCKING COMPANIES, TRAILERS, INTEREST RATES, FOREIGN INVESTMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 11 FEB 1974  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
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**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
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